edible oils and will not hesitate to augment supplied through imports in view of comfortable foreign exchange reserves. Some deceleration is now noticed as the inflation rate has dropped to 10.47% in the week ending 4th March, 1995.

Simple Tax System

1093. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the Confederation of Indian Industry has urged Government to adopt simple tax system in the country;

(b) if so, the reaction of Government in this regard;

(c) whether the existing taxation system is cumbersome; and

(d) if so, what other measures Government propose to take to streamline the taxation system in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) to (d) Simplification of tax-laws is an on-going process. Several measures have been taken in this regard during the last few years.

Hike in interest rate on short term deposits

1094. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank's recent decision to hike maximum short term bank deposits interest rates will have an adverse impact on credit deposit ratio in the banking sector;

(b) if so, whether several financial expert have criticised Government on this move;

(c) if so, the details thereof; and

(d) the reaction of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (d) Reserve Bank of India (RBI) has reported that the revision in the maximum interest rate on term deposits with the banks from "not exceeding 10.0 per cent" to "not exceeding 11.0 per cent" effective February 10, 1995 was made with a view to evolving a more stable asset liability balance and to ensure that real deposit rates remain positive. The increase in the maximum term deposit rates is not expected to adversely affect the credit deposit ratio of the banking system. Reactions of the banking industry as well as others as reported in the press indicated that the prime lending rates of banks would need to be raised as a consequence of the likely rise in the cost of funds of banks due to the increase in the maximum term deposit rate. Most banks have raised their term deposit rates and prime lending rates in the subsequent period. The maximum deposit rate currently stipulated is considered appropriate taking into account the prevailing conditions in the economy. Interest rates are, however, under continuous review by the Reserve Bank of India (RBI).

Economic reforms

1095. SHRI HIPHEI: Will the Minister of FINANCE be pleased to state:

(a) whether attention of Government has been drawn to a Statement made by Prof. Jeffrey Sachs, Harvard on International Trade and Development that the economic reforms undertaken by India have not produced a huge backlash from the protected sectors;

(b) if so, what is Government's reaction thereto:

(c) whether these suggestions include that India can achieve economic reforms without huge social cleavages developing across sectoral bonds: and

(d) if so, the details thereof with steps to be taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (d) During his visit to India Dr. Jeffery Sachs, Professor of International Trade, Harvard University, gave interviews to different newspapers including Times of India. The main issues raised by Prof. Sachs as reported in newspapaer includes the following:

(i) The reforms were going at the right pace in the right direction but were largely unfinished.

(ii) Despite liberalization, India remained a country with very high tariffs, which should be brought down to 15 per cent.

(iii) There was no justification for protecting the consumer goods sector.

(iv) The fear of take-over by multinationals was largely un founded.

(v) Restricting the foreign ownership to 51 per cent of the equity was ridiculous as even by that limit the majority stake in a company goes to the foreign companies. The restrictions on ceiling and the provision for Government approvals in these cases should be scrapped.

(vi) Banks should be denationalised and given to private sector.

(vii) The Indian tax system was in efficient and it needs to be corrected.

(viii) Labour reforms are also necessary.

(ix) The Government should go in for massive privatisation of state enterprises and move away from the infrastructure sectors like hotels and highways.

The suggestions made by different associations and individuals are kept in view by the Government while formulating appropriate economic policies.

Violation of FERA

1096. DR. SANJAYA SINH:
SHRI VIRENDRA KATARIA:

Will the Minister of FINANCE be pleased to state:

(a) what are the details of raids conducted by the team of officials for violation of Foreign Exchange Regulation Act. during the last six months; and

(b) what are the names of businessmen arrested for violation of FERA during that period along with the details of documents/money seized from them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) During the last six months (Sept. 1994 to Feb. 1995) the Enforcement Dtrectorate conducted 737 searches, seized Indian currency to the tune of Rs. 4.46 crores and foreign currencies worth Rs. 5.63 crores.

(b) The relevant cases are under investigation/sub-judice. It would not be in public interest to disclose the details at this stage.